

IN THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS

ALT PLATFORM, INC., as the General	§	
Partner of Alt Sports Card Fund, L.P.	§	
	§	
Plaintiff	§	
	§	No. 3:22-CV-2867
v.	§	
	§	
BECKETT COLLECTIBLES LLC	§	
	§	
Defendant	§	

COMPLAINT

The Plaintiff, Alt Platform, Inc., in its capacity as the general partner of Alt Sports Card Fund, L.P., brings this lawsuit against the Defendant, Beckett Collectibles, LLC (“Beckett”), and in support of its causes of action, states as follows to the Court and Jury:

VENUE, JURISDICTION, AND PARTIES

1. Alt Platform, Inc. is a Delaware corporation headquartered in San Francisco, CA.
2. For the purposes of diversity jurisdiction, Alt is a citizen of the state of Delaware and/or California.
3. Alt Platform, Inc. is the general partner of Alt Sports Card Fund, L.P. (“Alt”), a Delaware Limited Partnership, and has standing to bring this lawsuit on its behalf.¹
4. Defendant Beckett Collectibles, LLC (“Beckett”) is a Limited Liability Corporation formed in North Carolina that is authorized to operate in Texas and headquartered in this judicial district, at 2700 Summit Ave, Ste 100, Plano, TX 75074. Beckett’s manager, Christopher Herwig, is also a citizen of North Carolina.
5. Beckett may be served through its registered agent, Corporation Service Company d/b/a CSC-Lawyers Inc. at 211 E. 7th St., Suite 620, Austin, TX 78702.

¹ See e.g., *ART Midwest, Inc. v. Clapper*, 2009 U.S. Dist. LEXIS 139036, *23, n. 14 (N.D. Tex. Sept. 22, 2009).

6. For the purposes of diversity jurisdiction, Beckett is a citizen of the state of North Carolina and/or Texas.

7. There is complete diversity among the Parties.

8. The amount in controversy in this action exceeds \$75,000.

9. This Court has original jurisdiction over this action pursuant to 28 U.S.C. § 1332(a).

10. Venue is proper in this district because Beckett's headquarters is within this district and, based on information and belief, Beckett's misgrading of the sports trading card at issue in this lawsuit took place within this district. Beckett also prefers to litigate in this judicial district, as it now requires claimants subject to its terms and conditions to file any lawsuit against it in the state or federal court(s) located in Dallas County, Texas.

STATEMENT OF FACTS

a. The Market for Sports Trading Cards

11. A sports trading card is a small card, usually made of paperback or thick paper which usually contains the name and image of an athlete and other text or information, such as, *e.g.*, information about the player or the player's statistics.

12. Sports trading cards are collectors' items and can have significant value on the secondary market. For example, a collector paid a record-setting \$12.6 million for a 1952 Mickey Mantle baseball card on August 28, 2022. The total sports trading card market is projected to reach nearly \$100 billion by 2027.²

13. The market value of a sports trading card is based on a number of factors, including, without limitation, the athlete (*e.g.*, his/her popularity, performance, achievements, legacy, etc.), the year the card was issued, the marker/series of the card, and the condition of the card.

² See <https://www.verifiedmarketresearch.com/press-release/sports-trading-card-market-2/>

b. Beckett's Certification, Grading, and Encapsulation of Sports Trading Cards.

14. Beckett operates a professional sports trading card grading service called Beckett Grading ("BGS").

15. Beckett not only holds BGS out as *expert* in sports trading card grading, but claims to be the "#1 in the industry" and "the most trusted name in the industry for grading."

16. BGS is one of four major graders of sports trading cards. The other three are: PSA, SGC, and ISA. Each of these graders evaluate the quality of sports trading cards using the same industry-standard lexicon and criteria, resulting a grade on a scale of 0-10 for each of the following four (4) sub-categories: "centering," "corners," "edges," and "surface," as well as a 0-10 grade of the card's "overall condition." The industry-standard 0-10 scale correspond to the following:

- 1 – Poor
- 1.5 – Fair
- 2 – G (Good)
- 2.5 – G+
- 3 – VG (Very Good)
- 3.5 – VG+
- 4 – VG-EX (Very Good-Excellent)
- 4.5 – VG-EX+
- 5 – EX (Excellent)
- 5.5 – EX +
- 6 – EX-NM (Excellent-Near Mint)
- 6.5 – EX-NM+
- 7 – Near Mint
- 7.5 – Near Mint +
- 8 – Near Mint-Mint
- 8.5 – Near Mint-Mint +
- 9 – Mint
- 9.5 – Gem Mint
- 10 – Pristine

17. Grading of sports trading cards by BGS – or any of the other top four graders – is meant to provide a reliable, objective, and expert assessment of a card's quality.

18. Beckett promotes its grading as “objective” and “reliable,” and encourages participants in the sports trading card market to rely on its grading as objective (“We are the most-recognized name in the industry for our objective grading services.”).³ Indeed, this perception of BGS’ grading as representing an objective and reliable assessment of the condition of a sports trading card is integral to BGS’ business model. If BGS instead marketed its grading service as entirely subjective and not to be relied upon by purchasers of sports trading cards, BGS’ business would dry up overnight.

19. Since the grading of a sports trading card by a reputable third-party – like BGS – is promoted as – and perceived to be – an objective verification of the card’s material characteristics, a card that is graded higher will have a significantly higher market value. Beckett also invests significant resources into cultivating this reputation as to its grading service.

20. Once Beckett grades a card, it creates a label that will go into the encapsulation with the card to display its grades and then Beckett places the card into a tamper-proof “slab.” The finished product looks like this:



³ <https://www.beckett.com/grading>

21. Beckett creates the tamper-proof plastic slabs by using an ultrasonic machine that applies an ultrasonic frequency to parts of the holder that welds the plastic completely.

22. Once a card is placed in Beckett's tamper-proof slab, it is impossible to non-destructively break open the slab. This ensures that anyone purchasing a sports trading card encased in Beckett's tamper-proof slab can know – with certainty – that the card is in the same condition it was when Beckett graded it.

23. When BGS receives a sports trading card for grading, it follows a routine process that is detailed on its public website⁴ and is well-known in the sports trading card industry.

24. Before BGS will grade a sports trading card, BGS first evaluates the card to verify that the card is authentic and unaltered.

25. Based on its expertise – and claims about that expertise – BGS can and should be able to detect when a card is not authentic or has been altered.

26. If BGS deems a card to be altered or not authentic, it will either send the card back to the customer with a note stating what the alteration is, or if the customer insists that BGS nonetheless encapsulate the card, BGS will clearly label the card as “Authentic-Altered.”

27. BGS adds a clear label identifying any altered card it encapsulates as “Authentic-Altered” in order to alert third parties to this fact. As a result, third parties know that any card graded and encapsulated by BGS that is not labeled “Authentic-Altered” has been verified to be authentic and unaltered by BGS.

28. A determination and representation that a sports trading card is authentic and unaltered is a representation of objective fact. While there is some element of subjectivity inherent in the process of grading sports trading cards, this subjectivity is generally limited to assigning an

⁴ <https://www.beckett.com/news/walking-bgs-process/>

exact grade within a reasonable range. However, the threshold determination of whether a sports trading card is authentic and unaltered is *not* subjective. Whether a card is authentic and unaltered is an objective fact – not an in-the-eye-of-the-beholder assessment. For example, while reasonable and qualified expert graders may disagree about whether a card should be graded as a 9.5 or 10, a card is either authentic and unaltered, or it is not.

c. Card “Trimming” – a Scourge on the Sports Card Industry.

29. “Trimming” a sports trading card is a type of alternation, where an edge or portion of an edge of a card is cut or removed to attempt to either remove wear and/or to make the centering of the card appear better than it is.

30. Bad actors use razor blades, stock sheet cutters, or other devices to “trim” sports trading cards to make their edges appear to be straighter, to “fix” uncentered images, or to remove natural edge chipping in an attempt to improve the apparent grade.

31. But, trimming never increases the actual value of high-end sports trading cards. Card “trimming” is fraud, and a scourge to the sports trading card industry, because “trimming” cards only creates the superficial and misleading appearance that the card is more valuable, while making the card significantly less valuable.

32. There is almost no secondary market for trimmed cards because they are worth substantially less than an unaltered card.

33. Beckett markets BGS as having the expertise to reliably determine when a sports trading card is not authentic or has been altered, including by trimming.

34. Beckett specifically represents and has encouraged the perception in the sports trading card market that cards graded and encapsulated by BGS – without an “Authentic- Altered” label – are worth much more because buyers know those cards have not been altered or trimmed.

d. Beckett Misgrades a 2009 Steph Curry Rookie Card as Unaltered in October 2016.

35. In or around October 2016, BGS received a 2009 Topps Chrome #101 Stephen Curry Gold Refractor 26/50 card for grading (hereinafter: the “Steph Curry Rookie Card” or “Card”).

36. At the time that BGS received the Steph Curry Rookie Card for grading, it had been trimmed and was short on the top.

37. At the time BGS received the Card for grading, BGS had previously graded at least thirteen (13) other identical cards. *See Exhibit 1* hereto. As such, BGS had become very familiar with the particulars of that Card and clearly should have been able to identify whether it was “trimmed” or short.

38. But, when BGS evaluated the Steph Curry Rookie Card, it negligently and incompetently determined that the Card was unaltered, and graded the Card as being in 9.5 “Gem Mint” condition overall and as being in 9.5 “Gem Mint” condition with respect to the Card’s centering, edges, corners, and surface.

39. BGS then certified that the Steph Curry Rookie Card was authentic and unaltered, created a label to reflect that the Card was in 9.5 “Gem Mint” condition and then encapsulated the card in its tamper-proof slab:



40. BGS did not label the Card as being “Authentic-Altered.”

e. Alt Thereafter Reasonably Relies on BGS’ Certification of the Steph Curry Rookie Card as Unaltered and Being in 9.5 “Gem Mint” Condition.

41. In or around October 2020, a seller/consignor had listed the Steph Curry Rookie Card for sale through an online sports trading marketplace called Goldin Auctions. The Card was pictured in BGS’s tamper-proof slab with BGS’ label describing the Card as being in 9.5 “Gem Mint” condition and effectively representing that the Card was unaltered (because it was not labeled as “Authentic-Altered”).

42. On October 31, 2020, Alt relied on BGS’s certification that the Steph Curry Rookie Card was authentic and unaltered, and in 9.5 “Gem Mint” condition, and purchased the Card for

\$168,000. Had BGS identified the Steph Curry Rookie Card as having been trimmed or altered, Alt never would have purchased the Card, as it would have been clear to Alt that the Card was worth nowhere near the \$168,000 that Alt paid.

43. When Alt received the Steph Curry Rookie Card, it was still encapsulated in BGS' tamper-proof slab. This ensured that the Card was still in the exact same condition as when BGS verified and labeled the Card as unaltered and as being in 9.5 "Gem Mint" condition.

44. After receiving the Steph Curry Rookie Card, Alt kept it in its secure vault.

f. Steph Curry Substantially Improves his NBA Legacy and the Value of his Sports Trading Cards in 2022.

45. In October 2020, when Alt purchased the 2009 Steph Curry Rookie Card, Steph Curry's team, the Golden State Warriors, had just finished an extremely disappointing 15-50 season, in which Steph Curry had played in just five games. The Warriors had lost Kevin Durant, one of the other greatest players in NBA history to free agency, and their other best player, Klay Thompson, was out for the season recovering from a catastrophic and likely career-altering injury.

46. Most NBA analysts were predicting the end of the Warriors' dynasty and the end of Steph Curry's reign as one of the most impactful and relevant superstars in the NBA.⁵

47. If Steph Curry's career had played out as many expected entering the 2020-21 season – a very good, but aging superstar leading a lower tier playoff team – he likely would have been considered one of the top 20 players of all time.

48. But, the Warriors shocked the sports world by returning to the NBA Finals in 2022, for the sixth time in eight years, and then winning their fourth NBA Championship during that span. Steph Curry improbably led the Warriors to that championship with an unbelievable

⁵ See e.g., Ethan Straus, The Athletic, "Strauss: The end of the Warriors dynasty and where to go from here," 11/19/20; Maitreyee Joshi, Essentially Sports, "'Stephen Curry Won't Play in the Finals Again': Analyst Declares the End of Golden State Warriors Dynasty," 5/7/2020.

individual performance and was selected as the Most Valuable Player (MVP) of the NBA Finals.⁶ Steph Curry was also named Sports Illustrated's Sportsperson of the Year in 2022.

49. After improbably leading the Warriors to another championship after many had written them off, Steph Curry cemented his legacy as one of the greatest players in NBA history.⁷ And, in doing so, Steph Curry also massively increased the value of his sports trading cards.

50. While Alt had purchased the 2009 Steph Curry Rookie Card for \$168,000 in October 2020, if the Card were in the condition that BGS had certified, it would have been worth over \$350,000 by August 2022.

g. PSA's September 2022 Evaluation of the Steph Curry Rookie Card Reveals it had Been Trimmed, which BGS then Confirms.

51. On or around August 30, 2022, Alt removed the Steph Curry Rookie Card from BGS' slab and securely transported it to be evaluated by PSA.

52. PSA is the leading sports trading grader and has a slightly better reputation than BGS. Given the substantial increase in value of the Steph Curry Card, Alt wanted PSA to grade and encapsulate the Card because PSA's grading is more valued in the secondary market for sports trading cards than BGS, and would increase the value of the Card.

53. On September 1, 2022, PSA determined that the Steph Curry Rookie Card was "Authentic/Altered" because it was noticeably short, or trimmed, top to bottom. PSA then returned the Card to Alt.

54. After receiving the Steph Curry Rookie Card back from PSA, Alt then sent the Card to be evaluated again by BGS on or around September 14, 2022.

⁶ Although Steph Curry had won three previous NBA Championships, it was his first selection as NBA Finals MVP.

⁷ See e.g., Brian Lewis, NY Post, "Stephen Curry's All-Time Legacy is Undeniable – and Growing," 6/17/22; Andy Bailey, Bleacher Report, "There's No Doubting Any Part of Stephen Curry's Legacy," 6/17/22.

55. On September 16, 2022, BGS confirmed PSA's evaluation of the Steph Curry Rookie Card, acknowledging that "the card was deemed altered by our graders." BGS further indicated that the card "measures short [and] the top edge is inconsistent with the others [graded by BGS]." ⁸

COUNT I – NEGLIGENT MISREPRESENTATION

56. Plaintiff incorporates the previous paragraphs as if set forth herein.

57. Although Alt was not a party to the transaction between the party that submitted the Steph Curry Rookie Card to BGS for grading in October 2016, Texas law permits Alt to recover for BGS's negligent misrepresentation of the material characteristics of the Card.

58. BGS made a representation, in the course of its business and/or a business-related transaction where it had a pecuniary interest, about the Steph Curry Rookie Card being authentic, unaltered, and in 9.5 "Gem Mint" condition (both overall and with respect to each of the four industry-standard subcategories by which sports trading cards are graded).

59. BGS' purpose in certifying the Steph Curry Rookie Card as authentic and unaltered, and in grading the Card as being in 9.5 "Gem Mint" condition was for third parties, like Alt, to be able to rely on those representations, including in later purchasing the Card.

60. BGS' representation that the Steph Curry Rookie Card was unaltered and in 9.5 "Gem Mint" condition was false because the Card had been trimmed and was short, as PSA later determined, and which BGS later confirmed, in September 2022.

61. BGS failed to exercise reasonable care or competence when it first evaluated the Steph Curry Rookie Card in October 2016 because Beckett holds BGS out as an expert capable of determining that the card had been "trimmed," but BGS failed to do so with respect to the Card.

⁸ See Exhibit 1; *supra* ¶ 36.

62. Alt justifiably and reasonably relied on BGS' representations that the Steph Curry Rookie Card was authentic, unaltered, and in 9.5 "Gem Mint" condition when it purchased the Card for \$168,000 in 2020.

63. As a result of BGS' negligent certification of the Steph Curry Rookie Card as being unaltered and in 9.5 "Gem Mint" condition – when it was actually "trimmed" and unsalable – Alt suffered significant financial losses that it otherwise would have avoided. BGS' negligence was the proximate cause of Alt's damages because it is entirely foreseeable that a third-party buyer would pay a higher value for a trimmed Card that is misrepresented by an apparent expert like BGS as being unaltered and in 9.5 "Gem Mint" condition.

64. As a result of BGS' negligence, Alt suffered more than \$350,000 in financial losses. But for BGS' misrepresentation of this Steph Curry Rookie Card as being unaltered, Alt would have purchased and invested in another truly unaltered Steph Curry card from the same series, or a similar asset. But, instead, relying on BGS' representations, Alt massively overpaid for a nearly worthless "trimmed" Card.

65. The discovery rule tolled the running of the statute of limitations applicable to Alt's claim against BGS because Alt's injury was inherently undiscoverable until September 2022; the Steph Curry Rookie Card was encapsulated in BGS' tamper-proof slab, and Alt could not have reasonably been expected to identify the Card as measuring short or reflecting "trimming" in BGS' tamper-proof slab, or to have any other form of constructive notice that BGS had misrepresented the Card as being unaltered, until the Card was removed from the slab for re-evaluation in September 2022. But, at the same time, Alt's injury was objectively verifiable, as even BGS ultimately acknowledged that the Card had been altered/trimmed.

DEMAND FOR JURY TRIAL

66. Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff requests a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Alt, requests that this Court enter judgment in its favor and against Defendant Beckett as follows:

- (A) Award Plaintiff actual damages in excess of \$350,000;
- (B) Award costs;
- (C) Any further relief this Court deems just.

RESPECTFULLY SUBMITTED,

s/Mark Hammervold

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